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This Operating Review covers the Urban Renewal Authority's (URA) work over the past year.

Corporate and Business Plan

The URA Ordinance (URAO) empowers the Secretary for Development (SDEV) to prepare an Urban Renewal Strategy (URS) and, thereafter, to revise it in such a manner as the Secretary may decide. The current URS was published by the Government in November 2001 and remains in force. The URAO requires the URA to follow the guidelines in the current URS and prepare and obtain the approval of the Financial Secretary each year for both a five-year Corporate Plan (CP) and an annual Business Plan (BP) laying out the direction and programme of the Authority's activities.

These two Plans are carefully devised to integrate the proposals and activities conceived under the URA's holistic Redevelopment, pReservation, Rehabilitation, and Revitalisation (4Rs) approach. Among the key considerations when drawing up these Plans are previous obligations, continually changing community aspirations with respect to urban renewal and the urgency for taking renewal action within the framework of the URA's current mandate and resource limitations.

The Plans covering the period from 2008 to 2013, including the 2008/09 BP, were submitted to the Financial Secretary (FS) in December 2007 and approved by the FS in March 2008. The Plans covering the current period from 2009 to 2014, including the 2009/10 BP, were prepared in the third quarter of 2008/09, submitted to the FS in December 2008 and approved by the FS in March 2009.

Operating Review

Projects

In this Annual Report, the word “project” is used generically to cover all categories of redevelopment and preservation schemes, proposals and projects under both the Land Development Corporation (LDC) Ordinance and the URAO. Some projects may also be grouped together while others may be split into several smaller projects for implementation.

Although the URA's Development Scheme Plans (DSP) prepared under Section 25 of the URAO do not fall directly under the Town Planning (Amendment) Ordinance (TP(A)O), we have agreed that the URA will follow the procedures for plan making and amendment of plans covered under the TP(A)O. In this way, the DSPs are subject to formal public comments, representations and, if necessary, hearings conducted by the Town Planning Board (TPB) in considering the suitability of these projects. To date, 12 such projects have been launched by URA under this process, with the most recent ones being the Shanghai Street / Argyle Street and Prince Edward Road West / Yuen Ngai Street shophouse preservation projects, which were both launched in September 2008.

The URA can also implement Development Projects (DP) under Section 26 of the URAO. Such projects are not subject to the formal plan making process of the TP(A)O but have to be authorized by the Secretary for Development after considering the merits of URA's proposals and any public objections to them. Up until 31 March 2009, three projects had been launched by this means, with the Chi Kiang Street / Ha Heung Road and Pak Tai Street / Mok Cheong Street projects, being launched in February 2008. Since then two further projects, namely the San Shan Road/Pau Chung Street and Shun Ning Road projects have been launched in May and June 2009 respectively.

Environmentally Sustainable Development

URA seeks to promote and implement environmentally sustainable and innovative development to improve the built environment and enhance the quality of life in urban Hong Kong. To this end, where applicable, we incorporate into the design and construction of our joint venture developments appropriate environmental provisions covering –

- Energy efficiency
- Water conservation
- Environmentally-friendly building materials
- Facilities for collection of recyclable waste
- Reduction of construction waste and environmental nuisance
- Extensive and well-planned greening

In recent years, our efforts to develop our projects in a sustainable way have been recognized by the issue of platinum standard certificates by the Hong Kong Building Environmental Assessment Method Society in recognition of the environmental features of our Mount Davis 33 project in Ka Wai Man Road in 2006/07, our Vision City project in Tsuen Wan Town Centre in 2007/08, our i-home project in Tai Kok Tsui in 2008/2009 and our Florient Rise project in Tai Kok Tsui in 2009/2010. In order to further gauge the environmental performance of the URA's projects, URA commissioned a separate environmental assessment by an independent consultant on Mount Davis 33. This assessment, which was completed in November 2008, confirmed that this project had achieved a high standard in the local market.

In February 2009, we engaged an international environmental consultant to prepare a corporate policy and implementation strategy mainly for environmentally sustainable development. In May 2009, URA announced its adoption of a comprehensive policy on environmentally sustainable urban renewal to formalize and enhance our commitment to fostering a quality living environment in Hong Kong. By adopting this policy, URA aims to set an example for the property industry and, thereby, play our part in encouraging the industry and the community to adopt more environmentally-friendly practices. Our objectives are to exceed present standards in implementing our urban renewal programme, starting with the Lee Tung Street/McGregor Street project in Wan Chai and, by striving for continuous improvement, make our contribution to sustainable future for Hong Kong.



Expert speaker from France, Ms Chloe Clair shares her experience and insight in the Green Homes seminar.



URA's exhibition booth in the seminar showing its environmentally sustainable policy.

As part of this policy, URA organized a seminar under the theme "Green Homes: Building an Environmentally Sustainable Future for Hong Kong" in May 2009 to increase public awareness of the importance of protecting the environment and encourage the community to adopt more environmentally-friendly property planning and development practices. This well received seminar was opened by the Secretary for Development and our Chairman. During the seminar, expert overseas speakers from the United Kingdom, United States of America, France and Hong Kong shared their experiences and insights with over 350 delegates and exhibitors drawn from a broad cross-section of Hong Kong's community. The Secretary for the Environment delivered a keynote speech at the luncheon meeting which followed.

Operating Review

Selection of New Redevelopment and Preservation Projects

When the URA was set up in 2001 to, among other things, speed up the pace of urban redevelopment, URA was given the specific redevelopment tasks by the Government under the current URS of –

- taking over and completing implementation of 10 commenced and still ongoing redevelopment projects from the LDC;
- giving priority to commencing 25 further redevelopment projects announced but not commenced by the LDC; and
- implementing a list of 200 further redevelopment projects which had been selected by the Government.

Subsequently, the URA was tasked by the Government with implementing one other redevelopment project as well as a number of preservation projects not included in any of the three categories above. The redevelopment project was implemented because the buildings covered by the project had become very dilapidated and were severely affected by traffic noise to the detriment of the residents. On redevelopment, URA will therefore change the use of this site from residential to hotel. The preservation projects were implemented to save the relevant buildings from demolition in accordance with the Government's current initiatives to preserve more of Hong Kong's built heritage.

In accordance with the current URS, the URA determines the priority given to commencing new projects on the basis of a number of factors, including but not limited to -

- whether the proposed project area is old and dilapidated and requires urgent redevelopment;
- whether the buildings lack basic sanitation facilities or are exposed to potential fire risk;
- whether the living conditions of the residents in the proposed project area are satisfactory;
- whether the proposed project will improve the area by replanning and restructuring;
- whether the proposed project area will achieve a better utilization of land after redevelopment;
- whether any of the buildings in the proposed project area are worthy of preservation and, if so, whether they would be in danger of demolition and redevelopment if the project did not proceed; and
- whether the rehabilitation of buildings in the proposed project area is a practicable and viable option.

Before URA can select and commence any project, the project must be approved by its Board for inclusion in the URA's draft CP and BP. These two Plans must be approved by the FS, after first being vetted by the Development Bureau, Financial Services and Treasury Bureau, Planning Department, Lands Department and other relevant Government Departments.

Commencement of New Redevelopment and Preservation Projects

Since the start of the current 2009/10 BP year on 1 April 2009, URA has to date commenced two URAO redevelopment projects, which are described in the following paragraphs.

Shun Ning Road



Artist's impression of Shun Ning Road project.

In June 2009, URA commenced this modest sized project of around 827m², which is located at Shun Ning Road in Sham Shui Po. It comprises five buildings, which were built in 1954 or 55, are of five storeys in height and contain about 180 households. These buildings are in generally dilapidated condition with various unauthorized structures. URA plans to redevelop this site for residential use with modest commercial provision in line with its Residential (Class A) zoning. This is the 13th redevelopment project implemented by the URA to help improve people's living conditions and the environment of Sham Shui Po. Of these 13 projects, five are being implemented in collaboration with HKHS. In addition to these redevelopment projects, URA has carried out an extensive programme of building rehabilitation work in this district over the past five years benefiting some 42 buildings comprising over 1,900 flats. The public objection period for this project under Section 24(1) of the URAO will expire on 26 August 2009.

San Shan Road/Pau Chung Street



URA Director (Acquisition & Clearance), Mr Joseph Lee announces the commencement of the San Shan Road / Pau Chung Street project.

In May 2009, URA commenced this modest sized project of around 1,170m², which is located in Ma Tau Kok. It comprises seven buildings constructed in 1957 which are in dilapidated condition. The buildings are six storeys high, lack lifts and have various unauthorized structures. Around 130 households are affected by this project. URA plans to redevelop this site for residential use with modest commercial provision in line with the Residential (Class A) zoning for the said project, which provides opportunity for widening existing pavements through building set back and corner splay. This project, which is the third redevelopment project launched in this district, complements the extensive rehabilitation work initiated by URA over the past four years and covering some 100 buildings comprising over 8,000 flats in the district. The public objection period for this project under Section 24(1) of the URAO expired on 29 July 2009.

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During 2008/09, URA commenced two URAO shophouse preservation projects. These two projects are described in brief in the following paragraphs.

Shanghai Street/Argyle Street

This preservation-cum-revitalisation project involves a cluster of 10 pre-war verandah-type shophouses considered to have outstanding historical, cultural and architectural value and already graded as historical buildings by the Antiquities Advisory Board (AAB), and four 1960s buildings which dissect the shophouse cluster. In September 2008, the URA announced its intention to preserve them through a DSP to be processed under the Town Planning Ordinance (TPO) to ensure that these historic buildings would not be demolished and allow those affected and the community at large to express their views. The URA subsequently conducted a brainstorming session involving the owners, residents, Yau Tsim Mong District Council, academics and professionals, amongst others, to consider the most appropriate and viable adaptive re-uses for the shophouses. In addition, we conducted two surveys of direct stakeholders and the public respectively, with the public survey finding that over 80% of those surveyed supported preservation of this cluster of shophouses. The aspirations and views gathered by these various means were then reflected in the DSP which was submitted to the Town Planning Board (TPB) in January 2009. The TPB considered the DSP, which includes proposals for adaptive re-use for daily necessities and traditional foods shops and outlets and commercial uses, suitable for publication under Section 5 of the TPO on 3 April 2009 and it was published on 8 May 2009 for two months during which the community could make formal representations to the TPB. Subsequently, in July 2009, the TPB published the representations received, to which the URA, if deemed warranted, will respond with its comments which will be considered by the TPB at a hearing.

Prince Edward Road West/Yuen Ngai Street

This second preservation-cum-revitalisation project, which was commenced at the same time and for the same purpose as the Shanghai Street / Argyle Street project, also comprises 10 pre-war verandah-type shophouses of outstanding historical, cultural and architectural value. This shophouse cluster was identified in a consultancy study commissioned by the URA as having Level One – Outstanding Heritage Value, which URA's consultants believe to be equivalent to the Grade One classification of the AAB. As in the case of the Shanghai Street / Argyle Street project, a wide ranging brainstorming session involving all stakeholders was conducted to ascertain the most appropriate and viable adaptive re-uses for these shophouses and two surveys of direct stakeholders and the public respectively were carried out. Again, the public survey found that over 80 percent of those surveyed supported preservation of this cluster of shophouses. These results were subsequently reflected in the DSP submitted to the TPB in January 2009. The TPB considered the DSP which includes proposals for adaptive re-use for educational, recreational, cultural and commercial uses, suitable for publication under Section 5 of the TPO on 3 April and it was published on 8 May 2009 for two months during which the community could make formal representations to the TPB. Subsequently, in July 2009, the TPB published the representations received, to which the URA, if deemed warranted, will respond with its comments which will be considered by the TPB at a hearing.



URA staff conducts an occupancy survey upon the commencement of the Prince Edward Road West/ Yuen Ngai Street project.

Implementation of Commenced Redevelopment and Preservation Projects

Between early 2002 and July 2009, in addition to continuing implementation of the 10 projects commenced by and inherited from the LDC, the URA launched a total of 33 new redevelopment and preservation projects, comprising 18 ex-LDC projects and 15 URAO projects. Our strategic partner, the Hong Kong Housing Society (HKHS), has launched a further seven ex-LDC projects and one URAO project in cooperation with us. Thus, all 25 of the projects announced by the LDC in early 1998 have now been launched, along with 16 URAO projects, comprising 12 redevelopment and four preservation projects. The 41 projects launched by URA and HKHS have helped or are helping over 18,000 people to improve their previously poor living conditions, as well as producing almost 11,000 new homes plus over 34,000 square metres of Government, Institution and Community (GIC), some 260,000 square metres of commercial facilities and some 26,000 square metres of public open space. Of these 41 projects, one has been fully completed with all flats sold, while the rest are ongoing, with sales of flats well under way in four projects.

Of the 10 projects commenced by and inherited from the LDC, six have been completed with all flats sold, three have obtained their certificates of compliance with flat sales and commercial leasing now under way, while one is under construction. The final project comprises three sites, with construction on two of these sites having been completed and most flats sold and most commercial spaces leased out and construction on the third site now under way. These 10 inherited projects have helped almost 14,000 people to improve their living conditions, as well as producing over 6,000 new homes plus various GIC and commercial facilities and public open space.



Estate developer submits tender for the joint development of the Lee Tung Street/McGregor Street project.

Out of the 18 ex-LDC projects that have been launched directly by the URA, five are at the acquisition stage. Development tenders were awarded for three projects i.e. MacPherson Stadium in Mong Kok, Pine Street/Anchor Street in Tai Kok Tsui and Baker Court in Hung Hom during the year. These were followed by the award of the tender for Lee Tung Street/McGregor Street in Wan Chai in June 2009. The constructions of these four projects, together with five other projects, are now all on-going. The construction works on three projects, MOD 595 at Reclamation Street in Mong Kok, Vista at Fuk Wa Street/Fuk Wing Street in Sham Shui Po and i-home at Bedford Road/Larch Street, Tai Kok Tsui were completed and their certificates of

compliance obtained. One project, the J Residence in Wan Chai, was fully completed with all flats sold in 2008/09.

Five of the 15 URAO projects launched directly by URA are being processed as two combined larger projects. Of these, one, namely the Lai Chi Kok Road / Kweilin Street / Yee Kuk Street project is now under resumption with demolition of the vacated portions of its site proceeding in parallel, while URA has applied for resumption of the other, namely the Hai Tan Street / Kweilin Street / Pei Ho Street project. Site clearance was completed in August 2008 for Mallory Street / Burrows Street. The remaining nine commenced URAO projects are at different stages. Five of these, including Shun Ning Road in Cheung Sha Wan, San Shan Road/Pau Chung Street in Ma Tau Kok and the two shophouse preservation projects in Mong Kok, all of four of which are described above, and Anchor Street/Fuk Tsun Street in Tai Kok Tsui are under planning. Of the other four projects, two are under acquisition and two are under resumption.

Operating Review

Sales of New Residential Flats in Projects

During the year, the URA and its joint venture partners have continued with the flat sales of three joint venture developments launched in the previous year – Vision City, The Zenith and J Residence. By the end of 2008/2009, the sale of J Residence was fully completed while there were some 49 flats in the other two developments remaining to be sold. In addition, the URA and its joint venture developers launched the flat sales of six new projects – MOD595, Beacon Lodge, Dynasty, Vista, Florient Rise and i-home, offering more than 1,380 flats for sale to the public. By 31 July 2009, some 1,000 flats had been sold in these six projects.

These sales are all conducted under difficult conditions because, since April 2008, the local property market has fluctuated significantly as a consequence of the global financial crisis and subsequent remedial economic measures taken by the government to address it. As a result, the market declined significantly from its peak in July 2008 until January 2009, since when it began to show signs of recovery.

Commercial Properties in Projects

In July 2008, the URA opened the 275,000-square-foot shopping mall at Citywalk in Tsuen Wan Town Centre, which is in joint ownership with the developer of the Vision City project and accommodates 150 retailing outlets to serve the daily necessities of the neighbourhood. During the year, the shopping mall at J Senses comprising four preserved historic buildings plus a new annex at Johnston Road and Ship Street commenced full operations. J Senses is currently made up of 11 retail outlets which combine to offer a new destination containing high quality exotic food and beverages restaurants and modern living facilities. These popular outlets include Yin Yang Restaurant and Bo Innovation which were ranked as first and second best restaurants in Hong Kong by a prominent magazine, the Pawn which was ranked as second best new restaurant and OVO Studio which was ranked as best non-fashion shop by the same magazine. Bo Innovation was also awarded 2 Michelin stars in the first ever Guide Rouge Hong Kong. Other shopping malls presently under leasing are Citywalk 2 in Tsuen Wan Town Centre and Vista in Sham Shui Po.

Partnership with Hong Kong Housing Society

The URA and the Hong Kong Housing Society (HKHS) entered into a Memorandum of Understanding (MOU) on Strategic Cooperation in December 2002. Under the MOU, the HKHS has to date commenced seven redevelopment projects announced but not commenced by the former LDC. Five of these projects are in Sham Shui Po and two are in Shau Kei Wan. During the year, the HKHS continued implementation of these projects, which affect 748 property interests and almost 1,230 households comprising almost 2,310 people. When developed, the projects are expected to provide about 1,700 new flats, approximately 13,300 square metres of commercial space, 300 square metres of open space and 4,450 square metres of space for Government/ Institution/ Community (GIC) use. In addition, the HKHS continued implementation of a revitalisation-cum-preservation project, involving nine tenement blocks and 34 households and commonly known as the Blue House Project, in Wan Chai. The preserved buildings were originally planned to be used for cultural and community purposes complemented by commercial facilities and approximately 230 square metres of public open space. Subsequently, following the announcement by the Secretary for Development in October 2007 of the Government's new Revitalisation of Historic Buildings Initiative, the Development Bureau and HKHS are working together with a view to adding the Blue House to the seven Government-owned historic buildings included in the first phase of this initiative.

Under a separate MOU executed in July 2003 and renewed in July 2008, the HKHS also continues to rehouse eligible tenants affected by URA projects in rehousing units at an agreed cost per unit.

Partnership with Hong Kong Housing Authority

Under an MOU executed in June 2002 and renewed in July 2007, the Hong Kong Housing Authority (HKHA) continues to rehouse eligible tenants affected by URA projects in public rental housing units at an agreed cost per unit.

Individual Project Details

Individual details of all 44 still current projects and all seven projects completed to date are given in the table entitled URA Project Highlights on pages 66 to 69.

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Redevelopment

Further information about eight of URA's more significant current redevelopment projects is given in the following paragraphs.

Sai Yee Street

This project was commenced in December 2007. To help preserve and enhance the local character of this part of Mong Kok, URA drew up and announced a special Local Sports Shops Arrangement exclusive to this project in November 2007. Under this special arrangement all current sports shop operators affected by this project will be offered priority to lease space within the 'Sports Retail City' which will form a special feature of the new development and which was unveiled to the public in December 2007. In addition to this retail element, the Sports Retail City will contain Hong Kong's first Sports Hall of Fame. The design of the future development breaks up the building mass into a juxta positioned jigsaw of shop units with plenty of breathing space to blend in with the local small shop environment. The buildings will also be set back to provide wider pavements and loading and unloading will be relocated to the basement to improve the pedestrian environment. Another special feature of this project is that the streets will be revitalised to link up this project with the Hong Kong Playground Association's (HKPA) nearby MacPherson Stadium. This is being redeveloped by URA in partnership with HKPA to provide a modern indoor stadium and youth centre. It will also provide residential and commercial space into which some sports shop operators affected by the Sai Yee Street project may be able to relocate temporarily, pending completion of the Sports Retail City in Sai Yee Street, at which time they will have the opportunity to return and rent retail premises there.

General acquisition offers were made to all affected domestic and non-domestic owners in March 2008 and acquisition has been progressing steadily since then.



Existing view of the Sai Yee Street project. (top)
The design concept of the Sports Retail City.



Peel Street/Graham Street

The Master Layout Plan (MLP) for this project was approved by the TPB in May 2007. The project commenced in July 2007 and acquisition offers were issued to the affected owners in October 2007. Key features incorporated by URA into this project are the preservation and adaptive re-use of three pre-war shophouses on Graham Street, preservation of the façade of Wing Woo Grocery as the building in which it is housed is structurally unsound, preservation of the vibrancy and ambience of the existing street retail and hawker activities in the public streets outside the project's boundaries, provision of a two storey wet market trade complex to accommodate wet trade shop operators now operating within the project's boundaries, creation of an Old Shop Street and provision of a multipurpose activities hall and public open space. Following clearance and prior to and during the demolition of the structure of the building containing the Wing Woo Grocery, URA will take careful photographic, film and cartographic records, for future reference, of its ambience and structure.

In response to public concerns about the need to retain the vitality and character of the existing fresh food street market in the public streets surrounding the project, the URA is phasing demolition and construction to minimize inconvenience to stall operators and users. In addition, URA is making arrangements for temporary relocation within the project, as phased implementation progresses, of the fresh food shop businesses affected by the project. The amendments to the MLP required to incorporate these new measures were approved by the TPB in January 2009. URA believes that the benefits these measures bring to the community justify the increases in the costs of the project to URA of about \$200 million and the lengthened time required for its completion.

Nga Tsin Wai Village

The URA has adopted an innovative conservation paramount approach to this unique project, which commenced in October 2007 under the joint venture development agreement with the major owner of properties within this project's boundaries. This involves retaining three core heritage elements of this unique urban village, namely, the gatehouse, the embedded stone tablet and the Tin Hau Temple as well as the central axis and eight authentic village houses, within a new Conservation Park. To accommodate this approach, the residential towers will be lifted up to provide a vertical clearance above ground level, as well as being set well apart and designed to minimize encroachments into the Conservation Park and interference with sightlines towards the Lion Rock.

Acquisition offers were made to the affected owners in January 2008. Photographic and cartographic records are being made of village houses as they are acquired and cleared. Acquisition and demolition are now in progress. The acquisition and clearance issues relating to this project are particularly challenging because the owners of the property interests in this project include indigenous villagers and non-indigenous villagers and a major owner and, in addition, many of the property titles are defective. There are also a substantial number of illegal structures and illegal occupants both within and surrounding the project site. In addition, unlike in other projects where most properties are in multi-storey buildings with strata title ownerships within one lot, this unique urban village project is made up of over one hundred small individually owned private lots, over 70% of which have been acquired by a major owner over the past two decades, plus over a dozen government-owned lots. To enable this project to proceed, URA entered into a cooperation arrangement with the major owner concerned, which is also a developer, in 2006 after protracted negotiations, to jointly redevelop this project while preserving its core heritage elements. Since then the major owner has cooperated with URA in the implementation of this conservation led project.

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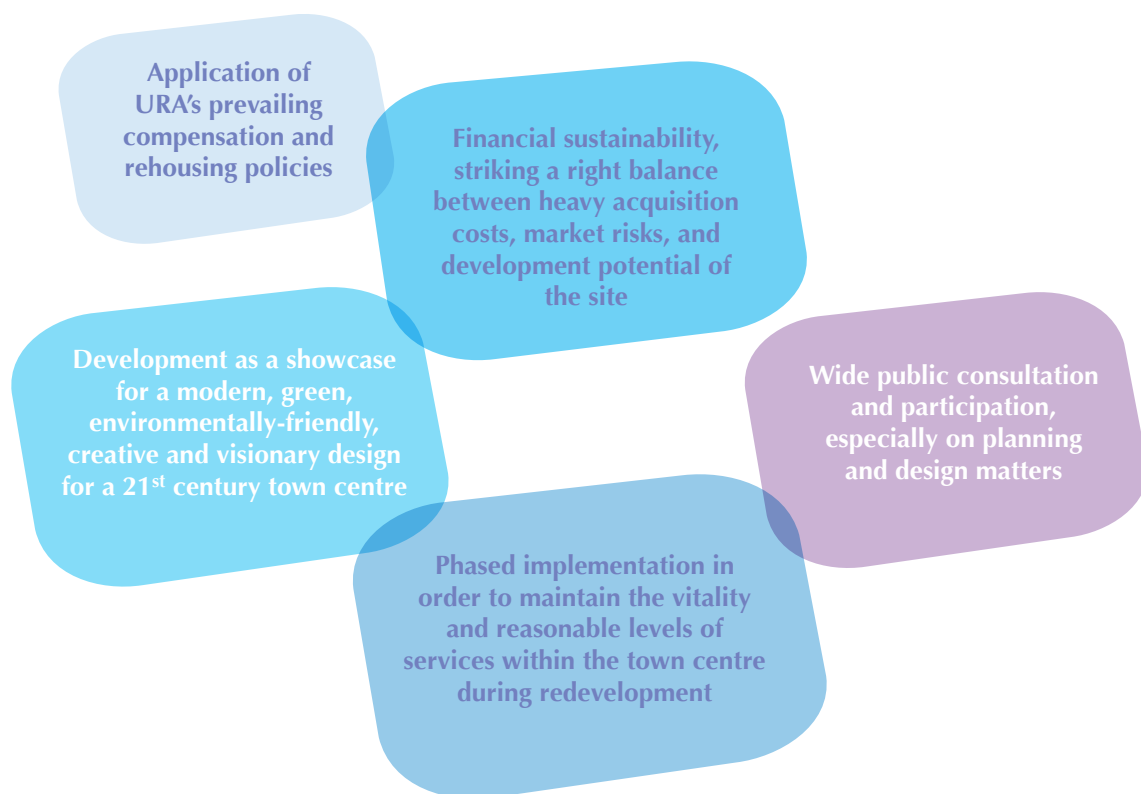
Kwun Tong Town Centre

The Kwun Tong Town Centre (KTTC) project, which has a site area of 5.35 hectares of land, 75% of which is Government land, and will cost over \$30 billion to implement, is continuing to progress well, with most of the required statutory planning processes being completed in 2008/09.

URA is developing this project according to five guiding principles –



Kwun Tong Town Centre project incorporates an “urban window” design.



The visionary design for this 21st Century town centre includes well-spaced building blocks for better ventilation, increased public open space and greening, an integrated public transport interchange, grade-separated pedestrian facilities connecting to adjacent developments, kaifong-style street shops, a covered bazaar, a multi-storey shopping mall, as well as re-provisioned and improved Government medical and other facilities. All facilities will be accessible to wheel-chair users.

In July 2008, the Chief Executive-in-Council approved the two DSPs for the Yuet Wah Street and Main Sites in accordance with Section 9 of the TPO. These DSPs were gazetted in September 2008. Traffic, drainage, sewage, air ventilation, visual and environmental impact assessments were undertaken and their results supported the design and redevelopment scale. The MLPs were approved by the TPB in December 2008 and January 2009 respectively. A Section 16 planning application was submitted to the TPB for approval in April 2009 to facilitate the relocation of the existing methadone clinic to location near the Kwun Tong Road/Hoi Yuen Road roundabout.

Due to the huge size of the project, URA plans to divide the two sites into different areas and to redevelop these areas in phases. The first phase, comprising the Yuet Wah Street Site, which entails relocation and redevelopment of the Yuet Wah Street Bus Terminus in the summer of 2009, is at an advanced stage of implementation planning. Expressions of interest in redeveloping it were invited from potential joint-venture partners in July 2009, with a view to inviting tender bids in the following month for award in October 2009.



The Yuet Wah Street Bus Terminus.



The Fuk Tong Road Bus Terminus under construction.

In implementing this project, the URA has continued its ongoing programme of consultation of all stakeholders including relevant Government departments, the Kwun Tong District Council, residents, the Kwun Tong District Advisory Committee, hawkers, transport operators, professional bodies and local concern groups.

URA's frontline staff and the independent Christian Family Service Centre Social Service Team, commissioned by URA, continue to provide assistance to residents and families in need of help, before and during redevelopment.

In view of the scale of this project, URA recruited additional staff to strengthen the transport, planning, acquisition, clearance and community engagement teams in our Kwun Tong Project Division to facilitate its implementation. In July 2008, a new Kwun Tong Project Office was commissioned in Millennium City 6, while the URA's Hip Wo Street Office was converted into a Resource Centre, so that URA can provide one-stop-shop services to owners, tenants and other stakeholders during and after the acquisition process. The Resource Centre also serves as a venue for exhibition of the MLPs and design models for this project.

URA appointed 11 independent surveyor firms to work out fair offer prices for the 1,657 legal property interests directly affected by this project, having due regard to market conditions and our established compensation policies. General acquisition offers were issued to the owners of all of these interests on 29 December 2008 for acceptance within a period of 90 days. Owner-occupiers of domestic properties were offered \$5,937 per square foot of saleable floor area, based on the assessed unit rate of a notional 7-year-old flat as at 1 December 2008. The total cost for acquiring all legal property interests was estimated to be about \$12 billion.

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A staff member of the URA shows to a Kwun Tong resident, Mr Chu, the renovated ceiling in his flat.

Almost 1,100 or about 66% of all property interests were acquired within the initial general offer period which expired on 30 March 2009. URA is continuing to make steady progress in its negotiations with the owners of the remaining unacquired property interests. The acceptances by the overwhelming majority of domestic owner-occupiers of URA's offers, have demonstrated clearly both the fairness of URA's offers, and the desires and necessities of those owners to improve their previously harsh living conditions.

To maintain vibrancy, order, safety and reasonable environmental conditions in the acquired properties, the URA has engaged property management contractors to manage and maintain all premises, which have been vacated by their occupiers.

In mid July 2009, in accordance with URAO, the URA submitted an application to the Government for resumption and phased reversion of the unacquired property interests to tie in with the phased redevelopment of this project.

To mitigate the concerns of licensed hawkers trading in fixed pitch stalls within the project's main site, all of whom will have to move to first temporary and later new permanent fixed pitches to make way for this project, URA has undertaken to provide them with a new Hawker Removal Assistance of \$9,500 per licensed fixed pitch per move. This gesture was welcomed by the hawkers concerned, with whom URA and the Food and Environmental Hygiene Department maintain close contacts, even though no hawkers will have to move for the next two years.

In a similar vein, URA is also maintaining dialogue with the operators of Public Light Buses, although no changes to their services are expected to be necessary for the next couple of years.

Looking ahead, all of us in URA will continue to make our very best efforts to shorten the implementation programme, to minimize its impacts during redevelopment and to ensure that the project will both bring about sustainable long-term economic benefits to Kwun Tong and East Kowloon and set a new benchmark for urban renewal in Hong Kong.



Staff of the URA Kwun Tong project team talk to Madam Chow to understand her needs.



The Kwun Tong Bulletin provides updated information on the project.

Lee Tung Street/McGregor Street

On redevelopment of this residential and commercial project, URA will create a Wedding City featuring Hong Kong's first wedding traditions and culture gallery and a retail area catering for wedding related trades such as wedding dresses, flowers, decorations, cakes, hair salons, jewellery, photo studios and wedding organizers. This project will also contain a pilot social enterprise scheme under which social enterprise operators with good local knowledge and connections will be invited to operate a centre aimed at preserving and strengthening local social networks. In addition, three pre-war shophouses will be preserved, Lee Tung Street will be pedestrianized and a new east-west pedestrian link with attractive open space will also be created.

The MLP for this project was approved by the TPB on 22 May 2007. In August 2007, the URA commenced the gazettal procedure for the road works and road scheme at Amoy Street, Lee Tung Street, and McGregor Street required to pedestrianize Lee Tung Street and open Amoy Street to enable the project to be implemented in accordance with the approved MLP. The proposed road works and road scheme were gazetted on 25 April 2008. Objections were received and six hearing sessions were conducted. The Chief Executive in Council authorized the said road works and road scheme on 31 March 2009 and its authorization was gazetted on 30 April 2009. Meanwhile, demolition was completed during 2008/09. The Conservation Plan for the preservation and adaptive re-use of three pre-war shophouses on Queen's Road East was agreed with the AMO in April 2009. Expressions of interest in redeveloping the site were invited in March 2009, tenders were invited in May 2009 and the joint venture development tender was awarded in June 2009 with a view to completion of construction in 2015.



Wedding City theme for the Lee Tung Street project.



Property developer submits tender for the joint development of the project.

Operating Review

Staunton Street/Wing Lee Street

This is one of the 25 uncommenced ex-LDC projects inherited by the URA in 2001. The URA commenced the project in March 2003. In November 2003, the TPB considered and decided not to uphold an objection to the project lodged by a private developer who claimed to own a portion of the site within the development scheme plan boundary. Following lengthy court proceedings initiated by the developer, including first, a judicial review and, later, an appeal by the private developer concerned, the Appeal Court requested the TPB to re-consider the private developer's objection. Therefore, in June 2007, the TPB re-heard the objection and, at that time, decided to uphold it. The DSP boundary was, therefore, amended to excise the site owned by the private developer and then published under, Section 6 of the TPO, for further representations. However, no further objections to the proposed amendment were lodged by any party at that time and the amended DSP was subsequently approved by the Chief Executive in Council in October 2007. The revised Planning Brief for this scheme was approved by the TPB in November 2007. Based on this approved revised Planning Brief and feedback from the public, URA then prepared the MLP.

The MLP for this project had been prepared taking on board the public views and aspirations expressed at a community workshop conducted in December 2007 and the advice of the Central and Western District Council. It comprised new residential, commercial and Government/ Institution/ Community uses as well as public open space, together with conservation of the Bridges Street Market, some old tenement buildings along Staunton Street and Wing Lee Street, and the characteristics of the existing terraces, streets and lanes, as well as allowing for the possibility of commemoration of Dr Sun Yat Sen's association with the locality. The MLP was submitted to the TPB on 26 March 2008.

Subsequent to the submission of this MLP, the Government announced that it intended to revitalise the adjacent Former Police Married Quarter (PMQ) site on Hollywood Road, rather than redevelop it. To complement this new Government initiative, the URA decided to adopt a "conservation-led redevelopment" approach to its Staunton Street/ Wing Lee Street project to enhance the street ambience and the heritage significance of this part of Sheung Wan by visually connecting the two adjacent sites and generating a synergetic effect.



(from top) Three tenement buildings at 10-12 Wing Lee Street will be preserved. New medium rise cascaded buildings along Shing Wong Street are proposed in order to maintain the visual and physical integrity of the street. The Bridges Street Market will be preserved.

To achieve this, the URA refined the MLP for this project to reduce the overall density from a plot ratio of 8.0 to one of 4.5 by removing one residential tower near to the preserved Bridges Street Market and replacing it with low-rise buildings along Wing Lee Street of similar typology, height and scale to the existing tenement buildings, which need to be demolished due to their poor conditions and many unauthorized structures. A new medium rise cascaded building along Shing Wong Street will also help maintain the visual and physical integrity of the locality. In addition to the preservation of some tenement buildings and the Bridges Street Market building, URA has proposed to create an additional open air plaza and building set back to allow visual and physical appreciation of an existing Victorian stone pitch wall at the rear of Shing Wong Street. URA believes that the benefits these measures bring to the community justify the increases in the costs of the project to URA of about \$300 million and the lengthened time required for its completion. The URA's refined design was supported by the Central and Western District Council in January 2009 and the refined MLP was submitted by URA to the TPB in February 2009.

Subsequently, in April 2009, an alternative MLP was submitted to the TPB by four owners of property within Site C of the project and a rezoning application covering Site C was submitted under Section 12A of the TPO. In late July 2009, the TPB considered the rezoning application submitted by the four owners at Site C and decided to defer the consideration of URA's MLP until a decision on the rezoning application has been made.



The design concept of the project maintains the visual and physical integrity of the streets.

Operating Review

Tai Yuen Street/Wan Chai Road

Sites A and B have already been redeveloped into The Zenith and almost all flats built on these sites have been sold. However, during development of these sites, strong opposition emerged in the community to the demolition of the Wan Chai Market building to allow redevelopment of Site C, even though this had been agreed by all parties a decade earlier. Therefore, URA took a fresh look at the way forward for redevelopment of this site. After negotiating and reaching agreement with our joint venture partner for the whole project, a revised MLP, which enables the core elements of the Wan Chai Market building to be preserved whilst allowing residential development above it, was prepared for Site C for consultation with the Antiquities Advisory Board and members of the Wan Chai District Council. Subsequently this revised MLP was submitted to the TPB in April 2008, following which it was approved in June 2008. Under the revised MLP, the core elements of the market building, including the major façade, the main entrance, the curved canopy and fins, and part of the front portion of the structural form, will be preserved in-situ. This provides a pragmatic solution whereby the URA can honour its contractual agreement with the developer whilst, at the same time, recognizing the community's current wish for preservation of the market to the extent practicable, albeit at an additional estimated cost of over \$200 million to the URA and with a longer development period.

Demolition of the non-core elements commenced in November 2008. Prior to and during the process of their demolition, URA took careful photographic, film and cartographic records, for future reference, of the non-core elements of the structure. The Supplementary Agreement for the Core Preservation Scheme was executed between URA and its joint venture development partner on 31 December 2008. General Building Plans for the Core Preservation Scheme were approved in March 2009. Foundation work will begin in the second half of 2009, following completion of demolition of the non-core elements.



Special hoarding design for the Tai Yuen Street/Wan Chai Road project site.



The core elements preservation approach of the Wan Chai Market building.

pReservation

Cantonese Verandah-style Shophouses

In his 2007/08 Policy Address in October 2007, the Chief Executive of the Hong Kong Special Administrative Region encouraged URA to extend our conservation work to cover pre-war shophouses. In response, URA conducted a consultancy study on pre-war verandah-type shophouses. In March 2008, after taking into account the respective heritage values, practical issues and potentials for adaptive re-uses of different shophouses, URA announced a conservation strategy comprising a range of approaches for application to shophouses depending on their different levels of heritage value.

Subsequently, in September 2008, URA commenced the two preservation-cum-revitalisation projects in Mong Kok covering two clusters of 10 shophouses of high heritage value and potential for adaptive re-use at Shanghai Street / Argyle Street, and Prince Edward Road West / Yuen Ngai Street. The details of both of the projects, the draft DSPs of which were finalised following brain storming sessions held with all relevant stakeholders on their appropriate after uses, have already been described above.

Action plans for the potential preservation of a further 28 shophouses of lower but, nevertheless, significant heritage values, have also been drawn up. Ten of these shophouses, which were identified in the conservation strategy as having significant but lower levels of heritage value than those in the clusters in Mong Kok mentioned above, have been selected for potential preservation under new pilot voluntary acquisition and voluntary restoration schemes. In June 2009, we approached the owners of the first batch comprising four shophouses to invite them to participate in our pilot voluntary acquisition scheme. In the event that any of these owners prefer to retain their ownerships of their shophouses, we will invite them to participate in our pilot voluntary restoration scheme instead. Subsequently, in July 2009, we approached the owners of four further shophouses to invite them to participate in our pilot voluntary restoration scheme.



A cluster of 10 shophouses of outstanding heritage value will be preserved and revitalised in Shanghai Street / Argyle Street.

Operating Review

Ongoing Preservation

Meanwhile, in Wan Chai, URA is continuing to implement directly one preservation-cum-revitalisation project at Mallory Street/ Burrows Street, while a similar project is being jointly undertaken with HKHS at Stone Nullah Lane/Hing Wan Street. Three of our redevelopment projects in Wan Chai also contain significant preservation elements, namely, preservation of five pre-war buildings in the completed redevelopment project at Johnston Road, preservation of the core elements of the Wan Chai Market building in the ongoing Tai Yuen Street project and preservation of three pre-war shophouses as part of the ongoing Lee Tung Street redevelopment project. In Central and Western District, URA currently operates the preserved Western Market and is undertaking three redevelopment projects involving the preservation of heritage at Peel Street/Graham Street, Staunton Street/Wing Lee Street and Yu Lok Lane/Centre Street. Elsewhere, in Nga Tsin Wai Village in Wong Tai Sin, URA is preserving the village gatehouse and stone tablet, the temple and a number of village houses within a themed conservation park.

As well as operating the Western Market, URA has already completed preservation of five buildings in the projects already completed by URA. After adding to these six buildings, the 51 buildings now being preserved in the above named six ongoing redevelopment and four ongoing preservation projects, URA will have preserved a total of no less than 57 buildings as well as various historic features, upon completion of the latter 10 projects.



Design concept of the preserved elements in the Yu Lok Lane project.



The Tin Hau temple, the village gatehouse, stone tablet and a number of authentic village houses will be preserved within a themed conservation park in the Nga Tsin Wai Village project.

Rehabilitation

In 2008/09, URA managed to help 117 buildings within our rehabilitation scheme areas, comprising about 9,600 units, to carry out and complete rehabilitation works through our two incentive schemes, i.e. the materials incentive scheme and the interest free loan scheme. These two schemes, together with our other initiatives to promote building rehabilitation, which include the hardship grants, subsidies for third party liability insurance, preferential bank mortgage terms and technical advice to owners' corporations, on rehabilitation works, have continued to gain popularity and public support.

With the help of local community groups and non-government organisations, we conducted promotional activities about building rehabilitation and our schemes to the residents of some 380 buildings covering over 10,000 units. We participated in relevant large scale promotional events organised



Fresh looking buildings with thematic colour designs are appearing in Tsuen Wan and Tai Kok Tsui as a result of URA's rehabilitation work.

Operating Review



URA offers technical advice to owners.

by government departments and public bodies e.g. Buildings Department (BD) and HKHS. We publicized the benefits of building rehabilitation and common issues related to it through seminars, rehabilitation bulletin and media interviews.

In the past five years since 2004, when our rehabilitation schemes were rolled out, and the end of March 2009, almost 530 buildings, covering almost 41,000 units, in our URA Building Rehabilitation Scheme Areas had joined these schemes, with works commenced or completed on 490 buildings covering over 38,000 units and about \$200 million in loans and grants being approved to enable rehabilitation works to be carried out on the buildings concerned.

More fresh looking buildings with thematic colour designs are appearing in our Action Areas as a result of our rehabilitation work. In 2008/09, in addition to the technical advice offered to owners' corporations, we provided design services to some 50 buildings in prominent locations in Sheung Wan, Tai Kok Tsui, Hung Hom, Tsuen Wan and elsewhere in order to bring out the unique characters of individual buildings upon completion of their respective rehabilitation works. Similar services were extended to cover three clusters of buildings in various localities such as Tai Kok Tsui Road in Tai Kok Tsui, Tai Ho Road in Tsuen Wan and Queen's Road East in Wan Chai, in order to uplift the appearances of entire neighbourhoods by use of coordinated colour designs for their external appearances.

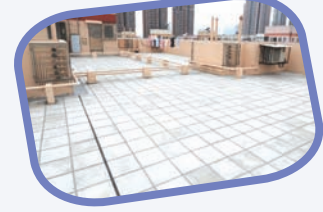


Participants at the URA booth during the Building Safety Carnival jointly organised by the URA, the Buildings Department and Hong Kong Housing Society.

Operating Review

With effect from 1 April 2009, URA has allocated some \$425 million in our five year Corporate Plan for 2009 to 2014 to rehabilitate about 1,000 buildings comprising some 66,000 units. URA has also improved the Materials Incentive Scheme by refining the eligibility criteria in order to assist more old buildings and enhancing the subsidies available to eligible buildings which join this Scheme.

Since February 2009, when the Government announced Operation Building Bright (OBB) which is a special operation proposed by Government as an initiative to create employment opportunities through the promotion of building rehabilitation, URA and HKHS have been working together with Development Bureau and BD on the necessary implementation details. In February 2009, The Board approved URA's contribution of \$150 million to the \$1 billion OBB fund established by the Government and implementation by URA of



Before and after looks of the rehabilitated Tai Fong Buildings in Tai Kok Tsui.

Operating Review



(From left) Chief Executive Officer and Executive Director of HKHS Mr Wong Kit-loong, Chairman of HKHS Mr Yeung Kasing, Secretary for Development Mrs Carrie Lam, URA Chairman Mr Barry Cheung, Principal Assistant Secretary (Planning and Lands) Mr Edward To and URA Managing Director Mr Quinn Law at the MOU signing ceremony of “Operation Building Bright”.



URA Chairman Mr Barry Cheung conducts the balloting for Category 1 buildings under the “Operation Building Bright”.

OBB within URA’s Scheme Areas. In May 2009, a Memorandum of Understanding was executed with the Government and the Financial Secretary proposed an additional allocation of \$1 billion to increase the total funds available for OBB over the next two years from \$1 billion to \$2 billion, thereby providing the resources to expand the coverage of OBB from some 1,000 to about 2,000 buildings. This was followed, in June 2009, by a ballot to select the first 500 buildings to be rehabilitated voluntarily under this special operation. In July 2009, the Finance Committee of the Legislative Council approved the additional allocation of \$1 billion which had been proposed by the Financial Secretary.

Looking ahead, the URA plans to expand our various current schemes to assist owners of units in more buildings to rehabilitate their properties. In addition, the URA stands ready to assist the Government and the HKHS in implementation, within the URA’s Scheme Areas, of both the Mandatory Building Inspection Scheme, once the relevant legislation has been processed and brought into force and the Building Maintenance Grant Scheme for Elderly Owners, which was launched in May 2008.

Revitalisation

In 2008/09, the URA started various new revitalisation studies and programmes which will widen and enhance the community benefits of redevelopment, rehabilitation and preservation, as well as continuing the design and construction of ongoing revitalisation projects. In order to carry out this revitalisation programme in a way that meets the local community's aspirations, URA has sought and been given the support of the community through the District Councils to which URA is grateful. URA also works in close co-operation and coordination with key Government Departments such as Highways Department, Transport Department and the Leisure and Cultural Services Department.

Following the completion in 2008 of improvement works on Ho Pui Street near the Tsuen Wan Town Centre project, street improvement works commenced in December 2008 at the nearby busy Chung On Street retail spine in a joint initiative with the HKHS and under the guidance of the Tsuen Wan District Council. As well as re-dressing the carriageway, other improvements being made include widening of pavements to aid pedestrian flows and creation of new space for tree planting.

The extensive improvement studies in Tai Kok Tsui and Sham Shui Po, which are geared at linking together new redevelopment projects in these districts, have now reached their detailed design stages. Works on Phase I of the revitalisation of Beech Street in Tai Kok Tsui commenced in March 2009, while the design for the roundabout linking Florient Rise in Cherry Street and the Beech Street revitalisation area is now under preparation with the aim of commencing works in 2009/2010. Apart from providing new paving and street furniture, these studies grasp the opportunities for pavement widening and pedestrianisation to allow street planting, create open space and promote vitality in these highly congested urban areas.



New paving and street planting in Tai Tsun Street, Tai Kok Tsui.



Greening facilities provided in Queen Street, Sheung Wan.

Operating Review

In Mong Kok, schematic designs and feasibility studies are also being prepared for the upgrading of Nelson Street between our MacPherson Stadium and Sai Yee Street projects, as well as for adjoining areas in Mong Kok. In addition, the URA is studying how it might implement further improvement projects in other parts of this district to accentuate the local characters of their respective vicinities.

On Hong Kong Island, in response to the Chief Executive's 2007/08 Policy Address and Initiatives in October 2007, the URA is continuing to provide secretariat support to the Old Wan Chai Revitalisation Initiatives Special Committee in preparing a district-based approach to the development and revitalisation of Wan Chai, from which a strategy and programme for action will be recommended to the Wan Chai District Council, Development Bureau and URA. Under the auspices of the Special Committee, public engagement meetings have been held with the street hawkers on ways to revitalise and enhance the existing open-air bazaars on Cross Street / Tai Yuen Street, and Gresson Street. Based on the feedback obtained, URA has installed pilot electricity supplies for six hawkers' stalls and a pilot awning for a hawker stall, initially on a trial basis, in order to gauge the reactions of stakeholders prior to deciding whether to proceed for the whole street. In addition a heritage trail study has been carried out, which has resulted in proposals to install special lightings and signage at significant heritage features along the proposed trail. A Public Private Sector Participation Scheme inviting revitalisation proposals from the community was also promulgated during the year. The submissions received have been considered by the Special Committee and Wan Chai District Council and further discussion will be held with one of the selected proponents.

Meanwhile, in Sheung Wan which is home to several URA projects, improvement works at Tung Street were substantially completed in late 2008 to link the earlier revitalisation of Sheung Wan Fong to the recently enhanced Hollywood Road. The URA, at the behest of the Central and Western District Council, has undertaken a feasibility study on revitalising the Pak Tsz Lane area which comprises an existing RCP, and an underutilized 'landlocked' local open space. The said area is part of the Dr Sun Yat Sen Historical Trail and is close to three other locations that have historical significance in the revolutionary history of modern China, as well as being in close proximity to the conservation and revitalisation elements within the adjacent Peel Street/Graham



Landscaped area at Po On Road/Shun Ning Road project (Beacon Lodge).



New paving and street greening in Cherry Street, Tai Kok Tsui.

Street and Staunton Street/Wing Lee Street projects described previously. This project was one of the 10 community revitalisation/ improvement projects which the URA announced, in November 2008, that we would commence in 2009/10 with the aim of helping to create job opportunities and boost local economic activities. Specifically, the URA aims to improve pedestrian accessibility to the Pak Tsz Lane area from the surrounding streets, especially from Gage Street and Hollywood Road; take the opportunity to highlight the historical importance of the area in Hong Kong/Chinese history; supplement and connect the various area-based revitalisation and preservation initiatives being pursued by the URA in our Peel Street/Graham Street, Staunton Street/Wing Lee Street and Yu Lok Lane projects; and expand and modernize the Gage Street Refuse Collection Point. All Government Departments have agreed in principle to these revitalisation proposals. URA is now consulting relevant Departments concerning the detailed design and technical assessments. The Central and Western District Council have expressed their support and urged URA to expedite implementation. The URA has also been invited to join the Central and Western District Council Harbourfront Working Group. URA is now undertaking a feasibility study on improvements to the Western Wholesale Market and the surrounding waterfront area, with a view to revitalising the underused market and the surrounding waterfront land.



New paving and street planting in Morrison Street, Sheung Wan.



New Street furniture in Tung Street, Sheung Wan.



Senior citizens enjoy the facilities provided by the St. Matthew's Neighbourhood Elderly Centre in the Queen Street project (Queen's Terrace).

Social Dimensions

The URA's work has always extended beyond redevelopment and compensation to both other forms of renewal and social aspects. These include not only our non-revenue generating 3Rs preservation, rehabilitation and revitalisation work, but also other activities aimed at improving living conditions, including providing assistance with rehousing, bringing about environmental improvements and contributing to maintenance of social networks. Project specific actions initiated in 2008/09 include devising a mixed flower and school supplies theme for the ground floor shops in Prince Edward Road West/Yuen Ngai Street shophouse preservation project, coupled with adaptive re-uses of the upper floors to ensure the maximum public enjoyment of and benefit from these buildings following their restoration. In addition, a district based approach is being taken, in partnership with the Development Bureau and in consultation with the Wan Chai District Council, to revitalise Wan Chai. Subject to its success, a similar approach is likely to be adopted in other districts in the years to come.

In projects where it is feasible to do so, URA now offers owner-occupiers of domestic units affected by redevelopment projects the opportunity of purchasing new units in the developments concerned and moving back to the same areas where they once lived under the Expression of Interest in Purchasing Arrangement in order to help these residents to retain their social networks. To assist long-time business operators in re-establishing themselves, an additional payment of ex-gratia business allowance is being paid to them as an Ex-gratia Business Allowance. To preserve the local characteristics in the vicinity of the Sai Yee Street Project, sporting goods retailers will be given priority to lease shop spaces in the new retail portion of the new development at market prices so that they can re-establish their sporting goods retail businesses there under the Local Sports Shop Arrangement, as an alternative to receiving Ex-gratia Business Allowance. Similar arrangements are being offered to fresh food shop operators affected by the Peel Street/Graham Street project in Central and to the flower shop and school supplies shop operators in the Prince Edward Road West/Yuen Ngai Street project mentioned earlier. A number of other measures have also been taken to finetune the implementation of URA's compensation policies.

Many of URA's developments already contain Government/Institution/Community facilities. For several years, URA has been providing premises on concessionary terms to over a dozen charities, non-government organisations and social enterprises in various premises. Building upon this, and on top of our provision of premises for Government and institutional uses required by Government departments, URA has now reserved significant amounts of space in certain redevelopment projects for community/ commercial use. It is intended that in the years to come, when such space becomes available for occupation, it will be allocated, having due regard for the needs and aspirations of the local communities concerned as well as relevant currently evolving Government policies and pledges concerning poverty relief and social enterprises. A residential care home for the elderly provided within the Cherry Street project in Tai Kok Tsui will soon be opened together with the development in late 2009. Space has also been reserved in the approved MLP for a pilot social enterprise scheme to promote social networks and build up social capital in Wan Chai within the McGregor Street portion of the Lee Tung Street/McGregor Street project. Similar space for potential use by social enterprises has also been identified in our Lai Chi Kok Road/Kweilin Street/Yee Kuk Street and Larch Street/Fir Street projects which are at various stages of implementation. In our Peel Street/Graham Street project, we will be providing a multipurpose activity hall. Elsewhere, spaces have been included in both the Lee Tung Street/McGregor Street and the First Street/Second Street projects for residential care homes for the elderly and in the Wan Chai Road/Tai Yuen Street project for a day nursery. Agreement has also been reached with Social Welfare Department to provide a day care centre for the elderly, as well as a special child care and early education and training centre within the Hai Tan Street/Kwelin Street/Pei Ho Street project in Sham Shui Po.

URA has also contracted four non-governmental organisations to provide four Social Service Teams, whose role is to assist people affected by URA's projects before, during and after acquisition of relevant sites in Central and Western, Wan Chai, Kowloon and Kwun Tong respectively.



A social service team member introduces its service to a resident in San Shan Road Project.

Operating Review

Community Engagement

The URA is fully aware of the importance and benefits of effective community relations and reaches out to the communities in the URA's action areas as an integral part of our people-oriented community engagement strategy. Intensive efforts continued to be made throughout the year to engage all relevant stakeholders with a view to ensuring that the sentiments and concerns of stakeholders in individual projects are taken into consideration during the planning and acquisition stages of such projects. The URA reaches out to all residents groups, concern groups, local consultative bodies, educational institutions, professional bodies, politicians, and the mass media to cultivate and foster better mutual understanding with all stakeholders, to address their legitimate concerns as far as practicable and to enlist both local and general public support.



Meeting of the Sham Shui Po District Advisory Committee.

To facilitate this process, URA has established six District Advisory Committees (DAC) in our major action areas, namely, Sham Shui Po, Wan Chai, Central and Western, Yau Tsim Mong, Kwun Tong and Kowloon City. Membership of these DACs includes legislators, district councillors, government representatives, academics, social workers, landlords, tenants and trade representatives as well as professionals, so that URA may be suitably and directly advised on all relevant aspects and concerns when planning our renewal projects. During 2008/09, a total of 18 DAC meetings were held, not including numerous informal discussion sessions with individual members. In addition, the URA attended no less than 30 full District Council and sub-committee meetings to ensure that all relevant Councils were kept fully informed of the progress of our projects in their Districts and that, where practicable, their suggestions were incorporated into our project plans.

The URA's Board Chairman, Managing Director and other representatives of the URA also participated in various community engagement activities including workshops, goodwill visits and meetings with residents.

The URA will open its new Urban Renewal Exploration Centre (UREC) in August 2009. The aim of the UREC is to introduce the public to the evolution of urban renewal in Hong Kong, as well as the vision and mission of URA, in a hands-on user-friendly way. The UREC utilizes multimedia facilities to enable visitors to experience what living in dilapidated housing is like and to learn about urban renewal through interactive exhibits and games.

Public Relations

A structured, message-driven communication programme was developed during the year to enhance the public's understanding of URA's vision, mission and contributions to urban renewal. In addition, our Chairman often meets the press after relevant Board meetings to announce and explain policies and key decisions made by the Board, which affect residents, business operators and other stakeholders. The management team also briefs the media from time to time on the URA's work.

In 2008/09, URA's public hotline service, neighbourhood centres and Kwun Tong Resource Centre handled some 14,400 enquiries and requests for assistance as well as 16 complaints. We fully met our performance pledge to provide same-day replies for 95 percent of all enquiries, replies within five days for 90 percent of all requests, and replies within 14 days for 90 percent of all complaints. The one-stop hotline service between the URA, HKHS and BD also provided an effective means of handling public enquiries and requests for building rehabilitation and maintenance assistance as well as OBB, a specific joint action launched by the Government, URA and HKHS to both improve building safety and create more job opportunities in view of the difficult economic situation.



Overseas and local experts participate in the "Models and Challenges of Urban Renewal : Sharing of Asian Experience" Seminar.

As in previous years, URA joined hands with the BD and HKHS to organise the Building Safety Carnival in Victoria Park in October 2008 to maximize the publicity of building safety and the three parties' complementary rehabilitation schemes.

2008 marked the 20th year of focused and systematic urban regeneration in Hong Kong. To tie in with the two-year Urban Renewal Strategy (URS) Review being conducted by the Government's Development Bureau, a series of programmes under the theme "Towards Urban Renewal Version 3.0" were organised by URA. These initiatives, which included roadshows, seminars, advertorials and a brochure, provided a useful platform which enabled the community as a whole to review the past, understand the present and discuss the way forward for urban renewal.

URA also strengthened our website to tie in with the URS Review and OBB. The popularity of the URA website as a source of up to date information on URA's work and policies increased during the year, with the website recording some 24,680,000 hits, an increase of 35 percent as compared to the number of hits in the previous year.

Message-driven exchange sessions were organised for Chairman and the management team to communicate with stakeholders, such as residents affected by our projects, professional bodies, university students, academics and community groups about URA's work.

The URA also took part in the job fair organised by Development Bureau in the Central Library in March 2009.

During 2008/09, the URA was pleased to receive visits from and exchange views with a number of delegations hailing from various regions, including Thailand, South Korea, Japan, Taiwan, Germany, Scotland, Holland and South Africa as well as Mainland provinces and cities such as Beijing, Shanghai, Fushan, Panyu and Shenzhen. URA Board and management representatives also visited Tokyo and Shanghai to study and discuss urban renewal methods and issues in those places.

Operating Review

Urban Renewal Strategy Review

In February 2008, the Financial Secretary announced in his Budget Speech that the current Urban Renewal Strategy (URS), which was published by the Government in November 2001, would be reviewed by the Development Bureau. In June 2008, the Secretary for Development briefed the Legislative Council Panel on Development about how the two-year review would be conducted and the review began in the following month. Since then the URA has been proactively supporting the Development Bureau in its conduct of the review by -

a)	assisting Development Bureau to set up a dedicated URS Review website http://www.ursreview.gov.hk/ ;
b)	commissioning and managing a consultant team to conduct an urban renewal policy study on six Asian cities and, in relation to this study, helped arrange two study trips to Tokyo and Shanghai for members of the Government's URS Review Steering Committee, URA's URS Review Committee and URA's District Advisory Committees;
c)	commissioning and managing another consultant team to carry out a great variety of public engagement activities, including innovations such as setting up an idea shop and sponsoring a commercial radio programme with a view to reaching out to the general public; and
d)	carrying out research, including starting two tracking studies, as supplements to the social impact assessments for two projects.

URA encourages all stakeholders and interested members of the community to participate in the review by contributing their views about the best way forward and future priorities for urban renewal in Hong Kong. To provide more accurate data to support the review, URA is currently carrying out a building and living condition survey in partnership with the Buildings Department of some 3,000 old buildings located in URA's Action Areas with the help of consultants. The interim results of this survey are expected to be available before the end of 2009. The URA will continue to support proactively the Development Bureau as the review progresses towards its completion in 2010.

Group discussions and roadshows are held to facilitate the expression of views by the general public on URS Review.



Public engagement activities organised in the Idea Shop.

Human Resources

The major challenge in 2008/09 was to equip the organisation with appropriate quantities and qualities of manpower to take on the increases in workload arising from various complex projects during the year. In parallel with recruiting additional manpower on both standard terms and contractual terms and growing headcount, a number of enhancements were made to URA's human resources infrastructure and programmes to ensure that the rapidly growing organisation was able not only to attract necessary talents but to train, integrate, retain and motivate them.

Performance and Remuneration

To uphold its performance-driven culture, the URA only applied pay adjustments to reward good performers. URA awarded salary adjustments to its good performers with effect from 1 April 2009 to ensure that those who performed well received due recognition and encouragement. In addition, a comprehensive review of the performance review system was conducted with participation by staff from all levels to ensure that an effective and well accepted mechanism for managing staff performance is in place. In the coming year, further efforts will be made to link performance management to the reward system.

A remuneration review was also conducted to ensure the competitiveness of URA's remuneration levels. Although the result of the review confirmed that URA remained competitive in the market, similar reviews will continue to be conducted at regular intervals to maintain both internal and external relativities.

Organisation and Staffing

The organisation continued to grow in 2008/09 from 275 to 358 staff members to cope with increases in workloads and the complexities, scales and significance of the many projects under way and being planned. All senior positions in the URA were successfully filled during the year. Where appropriate, our permanent staff resources and expertise were complemented by the use of individual consultants on aligned fixed term contracts, as well as use of temporary and part-time staff and appointment of experts to committees and/or task forces based on project needs. In addition, to ensure continuity and to enhance staff commitment, all staff filling permanent positions in the URA became employed on open-ended rather than fixed term contracts, with the exceptions for those at the level of Executive Director and above, who are appointed on contracts by the Government.

Operating Review

Training

In 2008/09, URA's training and development plan was enhanced by the establishment of a training curriculum to outline the training strategy for different levels of staff.

In addition, more training and experience sharing on compliance issues relating to business ethics, such as protection of personal data, respect for individuals and the obligations for providing equal opportunities, as well as the issues relating to the acceptance of benefits, were organised for all staff. Other training courses covered team building, customer service, supervisory skills and leadership development required by our rapidly growing organisation. In total, 12 training courses were held. We also continued to utilize the resources of the Civil Service Training and Development Institute, with our staff members attending 24 of their courses on various subjects, including leadership development, during the year.

Staff Communications

URA recognises the importance of communication with all staff to ensure cohesiveness and mutual understanding, maintain morale and, thereby, optimise both performance and job satisfaction. This is especially important at a time when URA has been expanding rapidly and undertaking a large number of challenging, complex and sometimes controversial tasks that are stressful for staff. The URA continued to proactively communicate with staff to facilitate their understanding, to ensure the quality of their performances in their respective roles and to enhance their senses of belonging. Regular town hall staff briefings as well as briefings on specific human resources and operational topics were held throughout the year. In addition, task force/working groups and focus groups were organised to ensure staff participation in reviews conducted in areas of concern to staff.

In addition, staff members from different levels were invited to meet with senior management in a series of structured internal communication sessions. Special gatherings were held for new hires to help them to settle in to their new jobs in URA. Views and comments gathered on such occasions and actions taken were communicated to all staff for sharing.



Communication session for all staff and senior management.



Members of the URA Staff Club for 2008/09 and the senior management.

As a caring employer and in view of the financial turmoil and the workload faced by staff members in a growing organisation with a significant proportion of its staff members being new comers, URA organised regular updates and information sharing sessions on various topics, including work / life balance and stress management, to help staff to maintain their physical and mental wellness and cope with the challenges and stresses of work.

The Staff Club organised a wide range of social, sports and community service activities to help build teamwork and to provide avenues for staff to relax, enjoy and utilize their leisure in a worthwhile manner. A total of 29 well received activities were arranged. A significant number of awards were won by URA's staff in various sports activities, including the Corporate Games and the Standard Chartered Hong Kong Marathon. Participation in voluntary work and community service was also promoted.

Although the organisation grew rapidly in the year and it was difficult for some staff to adapt and settle in their early days with the organisation, staff turnover has been stable. The overall staff turnover rate slightly dropped from 13.7 percent in 2007/08 to 13.5 percent in 2008/09. Over the same period, the turnover rate for senior staff also dropped from 14.3 percent in 2007/08 to 10.7 percent in 2008/09 which reflected, to a certain extent, the positive effect of the enhancements made during the year to the URA's internal communication and staff induction and engagement activities.



URA staff participate in a distance run competition organised by the Staff Club.